

CASE 4442: Application of TEXACO
FOR AN EXCEPTION TO RULE 505 OF
COMMISSION RULES AND REGULATIONS.

Case. Number.

4442

Application,
Transcripts.

Sm all Exhibts.

ETC.

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

February 23, 1971

REGULAR HEARING

IN THE MATTER OF:

Application of Texaco Inc. for an
exception to Rule 505 of the
Commission Rules and Regulations,
Lea County, New Mexico.

Case No. 4442
(De Novo)

BEFORE: Mr. A. L. "Pete" Porter
Mr. Alex Armijo

TRANSCRIPT OF HEARING

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1 MR. PORTER: The hearing will come to order. On
 2 the docket this morning are Cases 4442 and 4447 which were
 3 appealed from decision made after Examiner Hearing and
 4 continued -- I mean, they were set for hearing on the Regular
 5 Hearing on February 17th. At that time, we were unable to
 6 get a quorum of the Commission so they were continued until
 7 today and we'll take up Case 4442 at this time.

8 MR. HATCH: Case 4442, De Novo, continued from the
 9 February 17th, 1971 hearing.

10 Application of Texaco, Incorporated, for an
 11 exception to Rule 505 of the Commission Rules and Regulations,
 12 Lea County, New Mexico.

13 MR. BATEMAN: If the Commission please, I'm Ken
 14 Bateman with the firm of White, Gilbert, Koch and Kelly,
 15 Santa Fe, appearing on behalf of the Applicant Texaco, Inc.
 16 I have one witness, Mr. Dale McCarter, and ask that he be
 17 sworn.

18 (Witness sworn.)

19 MR. PORTER: Will there be any other appearances
 20 in the case? All right.

21 (Whereupon, Applicant's Exhibits
 22 1 through 4, inclusive, were
 23 duly marked for identification.)
 24
 25

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DALE McCARTER

called as a witness, having been first duly sworn, was
 examined and testified as follows:

DIRECT EXAMINATION

BY MR. BATEMAN:

Q Mr. McCarter, are you ready?

A Yes.

Q Will you state what Texaco seeks by its application today.

A Texaco seeks an exception to statewide Rule 505 to permit the assignment of more than one single top unit allowable for the Vacuum-Abo reef pool; the two wells' surface locations both being in Unit E of Section 12, Township 18 South, Range 34 East.

In the alternative, Texaco seeks an exception to statewide Rule 104-C1 to permit the State AE Well Number 8 to have perforations outside the horizontal limits of the proration unit presently assigned to the well.

Q Would you refer to your Exhibit Number 1 and state what relevance it has to your application.

A Exhibit Number 1 is a map of the Vacuum-Abo reef pool. It shows that the pool is approximately eight and a half miles long and approximately a mile and a half at its widest point. Along most of its length, it's approximately a mile in width.

Outlined in yellow is Texaco's AE State lease.

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1 This shows the relationship of this lease to the pool.

2 It is in the southwest tip of the Vacuum-Abo reef pool.

3 Q Would you continue to Exhibit Number 2 which is the
4 structure map and explain to the Commission what
5 relevance it has to your application.

6 A Exhibit Number 2 is a structure map of a portion of the
7 Vacuum-Abo reef pool showing Texaco's AE lease which
8 consists of all of Section 11 and the west half of
9 Section 12. Indicated by a red arrow is the well number
10 eight.

11 The small open circles indicate the surface
12 locations. The dark circles with the rings around them
13 indicate the bottom-hole locations which were determined
14 from directional surveys.

15 In cases where a directional survey was not
16 conducted, the bottom-hole location is assumed to be the
17 surface location and is so indicated by the dark circle
18 around it. You will notice that the well number eight,
19 surface location, is in the southwest portion of the
20 Unit E of Section 12.

21 The well deviated and crossed the section line into
22 Unit H of Section 11. The well is currently completed
23 and perforations located solely in Unit H and this
24 proration unit is currently assigned to the well.

25 The location of well number eight is approximately

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1 1100 feet from well number 10 which is the other well
 2 located in Unit E. Its bottom-hole location is in the
 3 northeastern portion of Unit E of Section 12. The well
 4 is approximately 1160 feet from well number 11, the
 5 south offset. It's approximately 1920 from well number
 6 15 which is the west offset and it is approximately 1550
 7 feet from well number 13 which is your north offset.
 8 Statewide -- let me back up a minute on this.

9 These distances are from the top of the proposed
 10 perforated interval which Texaco would like to open up
 11 in well number 8. This location is actually in Unit E
 12 of Section 12, this sub-sea point is.

13 The statewide rules allow a minimum distance between
 14 wells on a standard spacing of 40 acres of 660 feet.
 15 Maximum distance between wells under existing statewide
 16 rules is 1980 feet.

17 You will notice, from the distances that I gave you,
 18 that the proposed completion in well number 8 is in
 19 between this maximum and minimum distance. So the well
 20 could or would actually fit these distances.

21 However, its surface location or its proposed
 22 perforated interval does not meet the requirements that
 23 the well be located on its proration unit.

24 Q Has Texaco notified all other operators in the pool of
 25 its application?

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1 A Yes, sir. Texaco, by letter dated February 3rd, 1971,
 2 notified all the operators in the Vacuum-Abo reef pool
 3 of this application, explaining what Texaco was seeking.

4 We asked for waivers from each operator. We have
 5 received waivers from Cities Service, from Featherstone
 6 Development Corporation, from Humble, from Amerada-Hess,
 7 from Getty Oil Company.

8 You will notice that Humble is Texaco's direct
 9 offset to the east, as shown on Exhibit Number 2.

10 The others have not furnished waivers. They have
 11 not voiced any objection, so I would assume that their
 12 companies had no objection to this application, the
 13 granting of this application.

14 Q Mr. McCarter, please continue with Exhibit Number 3 which
 15 is the directional survey and explain what deviation
 16 was encountered in well number 8.

17 A If you will notice back on Exhibit Number 2 again, that
 18 the predominate direction of deviation of the well bore
 19 between the surface location and the bottom-hole location
 20 is to the north and to the northeast. The wells which
 21 Texaco would drill prior to drilling well number 8 had
 22 all deviated in this direction, so the well number 8 was
 23 located 330 out of the southwest corner of Unit E of
 24 Section 12, hoping that the bottom-hole location would
 25 have been falling in the direct center of the proration

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1 unit.

2 However, now, looking at Exhibit Number 3, you will
 3 see that the well did deviate to the north for quite a
 4 distance and then took a westerly, northwesterly turn
 5 and made a direct beeline to the edge of the proration
 6 unit and crossed it.

7 On Exhibit Number 3, I have marked between or just
 8 to the right of point number 90 on the curve, the point
 9 which is the top of the Abo reef. This is encountered
 10 at the -- let's see. This is 60; approximately 62 feet
 11 before you reach the section line. Just to the left of
 12 point number 90 is the top of the proposed perforations
 13 which Texaco would like to perforate in the well. This
 14 distance to the section line is $56\frac{1}{2}$ feet, so our proposed
 15 completion then would be $56\frac{1}{2}$ feet in to Unit E of
 16 Section 12. The well is currently completed to the left
 17 of the proration unit line which is the section line
 18 between 11 and 12.

19 Q When was well number 8 completed?

20 A Well number 8 was completed in, let's see, it was July of
 21 1963 and the well was completed as a top allowable well.

22 Q Would you continue on to Exhibit Number --

23 MR. PORTER: What was the completion date?

24 MR. BATEMAN: 1963.

25 THE WITNESS: Yes, sir.

1 MR. PORTER: And it was a top allowable well at
2 that time. The allowables were much lower at that time?

3 THE WITNESS: That is correct. It wasn't top
4 allowable on the well for very long, though. It immediately
5 dropped back off.

6 MR. PORTER: I see. Thank you.

7 Q (Mr. Bateman continuing) Would you continue on to
8 Exhibit Number 4, the log.

9 A Exhibit Number 4 is a log of the well, and I have
10 indicated for your information a dashed red line crossing
11 the log at 8683 feet which is where the well crossed the
12 proration unit boundary. The existing perforations are
13 shown in red from 8723 to 8880. I have indicated what
14 Texaco would like to open up in the well bore, the
15 proposed perforations in blue, from 8360 to 8689, or
16 88, excuse me.

17 The top of the Abo reef in this well occurs at
18 approximately 8314. There's over 600 feet of Abo reef
19 present in this well bore, at the present time, and under
20 the present conditions, approximately one-third of these
21 is allowed for production.

22 Texaco would like to open up these remaining two-
23 thirds so that we can effectively drain this reservoir
24 at this point.

25 Q What is the present production of well number 8?

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1 A Well number 8 is currently producing approximately 40
2 barrels of oil per day.
3 MR. PORTER: That's well number what?
4 THE WITNESS: Well number 8.
5 MR. PORTER: Is producing now 40 barrels?
6 THE WITNESS: 40 barrels per day.
7 Q (Mr. Bateman continuing) How many do you expect to be
8 produced with additional perforations?
9 A It's estimated that approximately 274,000 barrels of
10 additional oil can be recovered from well number 8 by
11 opening up this additional section.
12 Q What do you estimate the cost of a new well would be in
13 Unit H?
14 A If Texaco had to drill a well in Unit H, it would cost
15 us approximately \$136,000 to drill and complete the well.
16 Q What would it cost to work over well number 8?
17 A It would cost us to perforate this additional section,
18 approximately \$11,800.
19 Q If your application is approved, do you believe it will
20 protect correlative rights and prevent waste?
21 A Yes, I do. Texaco's application is designed so that
22 there will be one well for each forty-acre proration unit
23 in the reservoir. We're not asking for any greater
24 density so that the number of wells or number of completions
25 or take points, as a lot of people put it, would be the

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1 same in this portion of the reservoir as it would be for
 2 the extreme northeastern end of the reservoir.

3 This well is located in approximately the center of
 4 the lease, so the effect upon the immediate offset
 5 operators would be nil. Also, we have two complete rows
 6 of producing wells between this location and the nearest
 7 offset operator, so I don't feel that we could affect
 8 them at all by completing the well in this manner.

9 Q Were Exhibits 1 through 4 prepared by you or at your
 10 direction?

11 A Exhibits 2 through 4 were prepared at my direction, and
 12 Exhibit Number 1 was prepared by an engineering sub-
 13 committee which was studying the Vacuum-Abo reef which
 14 had a Texaco representative present.

15 MR. BATEMAN: I move the introduction of Texaco's
 16 Exhibits 1 through 4 at this time.

17 MR. PORTER: Without objection, the exhibits will
 18 be admitted.

19 (Whereupon, Applicant's Exhibits
 20 1 through 4 were duly admitted
 into evidence.)

21 Q (Mr. Bateman continuing) Do you have anything further,
 22 Mr. McCarter?

23 A Yes. I'd like to make a short, little statement here
 24 that what Texaco is seeking by this application is to have
 25 two wells and two forty-acre proration units to drain the

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1 reservoir instead of having to go out here and drill a
2 third or additional well.

3 The additional cost of drilling at this point,
4 Texaco does not believe is necessary due to the location
5 of the well. We have operated this well at a reduced
6 capacity for approximately six and a half years.

7 All of the proration units surrounding Unit H are
8 productive and four of these proration units are
9 currently flowing top allowable so we can expect that
10 number 8 can flow top allowable when it is completed.

11 Well number 8 has only recovered 136,000 barrels.
12 The offsets have recovered anywhere from -- well, the
13 majority of them have recovered from 300 to 379,000
14 barrels of oil. The only exception to this is the
15 north offset which has only recovered 87,000.

16 This is a well completed in the back reef facies
17 of the reservoir, so recovery is not expected to be as
18 high in that direction.

19 Texaco, and especially us engineers, appreciate
20 New Mexico rules regarding the orderly development of
21 pools, especially when it comes to the inauguration of
22 secondary recovery projects. It makes the selection of
23 a pattern and the estimated ultimate recovery greater and
24 easier.

25 I know of no other instance which has been brought

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1 to the Commission's attention where a well did cross a
 2 proration unit boundary inside of the pay zone.

3 Texaco is not trying to take advantage of any other
 4 operator or of the Commission. We are simply trying to
 5 prevent the waste of approximately \$126,000 to drill an
 6 additional well. This money could be then poured back
 7 into additional development in other areas.

8 Texaco prays that the Commission will take a favorable
 9 action on Texaco's application.

10 MR. BATEMAN: No further direct testimony.

11 CROSS EXAMINATION

12 BY MR. PORTER:

13 Q Mr. McCarter, now, you've got, currently, the surface
 14 locations; you have two wells on Unit E of Section 12,
 15 is that right?

16 A That is correct. Surface locations.

17 Q And your well number 8 deviated into Section 11 in
 18 Unit H?

19 A Yes, sir.

20 Q Where it was perforated in Unit H and has been produced
 21 from those perforations only?

22 A That is correct.

23 Q All right. Now, your well number 10 was bottomed on
 24 Unit E?

25 A Yes, sir.

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- 1 Q And you have been producing well number 10 only, of
- 2 course, from Unit E. Now, what is the capacity of
- 3 well number 10?
- 4 A Well number 10 is currently capable of flowing 302 barrels
- 5 of oil with no water.
- 6 Q So it is making top allowable?
- 7 A Yes, sir.
- 8 Q And you feel that well number 10 will not recover all
- 9 of the oil in Unit E?
- 10 A That is correct. All of the oil, I do not believe that
- 11 it will recover, because of the nature of the reservoir.
- 12 Q So you desire to perforate at some, I believe it was,
- 13 56½ feet?
- 14 A Well, excuse me. Just one minute. Let me back up on
- 15 that answer.
- 16 I was looking at the wrong proration unit. I believe
- 17 that the well number 10 in Unit E could recover the oil
- 18 in Unit E, yes, sir, I do.
- 19 Q But you want to speed up the recovery by perforating in
- 20 Unit E on your well number 8?
- 21 A That is correct, and also to recover all the oil in
- 22 Unit H.
- 23 Q You feel that your perforations inside of Unit E will
- 24 also drain some of the oil from Unit H?
- 25 A From the well number 8?

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1 Q Yes.

2 A Yes.

3 MR. PORTER: Mr. Nutter, do you have anything?

4 MR. NUTTER: Yes, sir.

5 CROSS EXAMINATION

6 BY MR. NUTTER:

7 Q Mr. McCarter, just at a glance at Exhibit Number 2 would
8 indicate that the area which is not developed, the area
9 which does not have a well in it, is the area to the
10 northwest of the bottom of the location number 8. Is
11 that correct? That's the vast area that has no well on it?

12 A That is correct.

13 Q And yet, you are proposing to drain this area by
14 perforating away from it. Your perforations, in effect,
15 would be along the line coming from the -- the perforations
16 that you propose would be on the line coming from the
17 bottom of the location in a southeasterly direction and
18 going away from the area which doesn't have a well on it.

19 If you want to drain that area, shouldn't you be
20 drilling a well in Unit H?

21 A Well, with the existing wells around Unit H and the
22 completion of well number 8 in that location, I believe
23 that all of that area can be drained by those wells.

24 Q But an examination of the plat indicates that there's an
25 absence of a well in Unit H centrally located.

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- 1 A That is correct.
- 2 Q That's the area that is not developed. That's the area
- 3 that has not been produced. That's where the lack of oil
- 4 is coming from. There is where you need the well, Mr.
- 5 McCarter.
- 6 A Well, if you will also look over in the southwest quarter
- 7 of Section 12, you will find that there's also a
- 8 drainage area over there which, inside, you could put a
- 9 forty-acre proration unit.
- 10 Q Well, most of that area would be south of the oil-water
- 11 contact, though, wouldn't it?
- 12 A No.
- 13 Q In the southwest quarter of Section 12.
- 14 A No. I'm saying if you would look at the development on
- 15 Humble's lease, especially with the configuration between
- 16 well number 2 and well number 3, you can see they are
- 17 1980 feet apart.
- 18 Q The southeast quarter?
- 19 A Excuse me. ^{Southeast.} Southwest. You will find that the exact same
- 20 situation exists with wells further removed than the
- 21 proposed proposal that we have put before you today.
- 22 Q But they are not asking for more than one allowable to
- 23 a given 40, are they, either?
- 24 A Well, we are not asking for more than one to a given 40.
- 25 We are asking that we have two wells here and we would

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1 like two allowables. We don't want to go out there and
2 drill another well at this time, but we are not asking
3 for any advantage over the allowable situation.
4 Q In your opinion, are there unproduced reserves here which
5 would justify the drilling of another well?
6 A It would be close, but I think that we could, yes. I
7 think we could.
8 Q You mentioned the cost of the well would be 100 --
9 A \$136,000.
10 Q And you mentioned how many barrels of oil that you were
11 going to --
12 A Well, we stated that we expect well number 8 to recover
13 an additional 270,000 barrels of oil.
14 Q 270?
15 A Unit H. I'm sorry. There may be approximately 175 to
16 200,000 barrels of reserves which would not be recovered
17 if we --
18 Q Mr. McCarter, if you are not requesting more than one
19 allowable from a given 40, what about this proposition:
20 That you take a test on well number 8 prior to
21 reperforating it and establish how much that well would
22 produce. Then go ahead, perforate in Unit E of Section 12,
23 find out how much additional oil it takes to make the
24 top allowable, and then deduct that additional oil from
25 well number 10 for its allowable.

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1 A Now, wait a minute. Wait a minute.

2 Q How much is number 8 making at the present time?

3 A Number 8 is making approximately 40 barrels a day.

4 Q And what was the top allowable for the pool, sir?

5 A 240 with a normal unit allowable of 80;.

6 Q 240. So if you perforated well number 8 over in Unit E
 7 of Section 12 and made an additional -- increased the
 8 capacity to where number 8 would make top allowable,
 9 200 barrels of it would be coming from Unit E in
 10 Section 12, correct?

11 A Not all of it would be.

12 Q Well, the additional would be, because that's where the
 13 additional perforations are going to be.

14 A The majority of those perforations are that those
 15 perforations do cross those proration boundaries, too.

16 MR. PORTER: What is the top allowable for the pool?

17 MR. NUTTER: 240. So the well will make 40 barrels
 18 at the time, so if he perforated over in Unit E in Section 12,
 19 top allowable of oil, 40 barrels would be coming from H of 11,
 20 and 200 barrels would be coming from E of 12. So I submit
 21 if he's not asking for more than one allowable from a given 40,
 22 then the allowable for number 10 should be reduced by 200
 23 barrels. Otherwise, Unit E of Section 12 is recovering more
 24 than one single top allowable, which is contrary to the rules
 25 of conservation of the Commission.

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1 Mr. McCarter, I also --

2 A When you perforate a well, the drainage rate of that well
 3 is essentially in a circular form or spherical drainage.
 4 So if we actually perforate well number 8 in the proposed
 5 spot, I don't believe you could actually say that all that
 6 200 barrels would be coming from Unit E. A portion of
 7 that oil is coming from Unit H.

8 Q (Mr. Nutter continuing) But you'd have to perforate
 9 Unit H.

10 A That is correct. What I'm saying is that we have two
 11 wells here. We have two forty-acre proration units. We
 12 would like to have the benefit of producing both wells
 13 at top allowable.

14 Now, we've made our application in two manners; as an
 15 exception to two rules, either 505 or 104-C1.

16 Q Do you know the reason why this well deviated over into
 17 the other section and it wasn't caught until after the
 18 well was completed?

19 A Well, now, I don't know why the well has actually deviated
 20 in the direction that it did. There were quite a few
 21 that went north.

22 Q Well, if I may, I'd like to read into the record a state-
 23 ment from Texaco's letter of June ²⁵ ~~20th~~ ¹⁹⁶³, 1961, in which
 24 they sought approval of this well. They said, ¹¹ ~~A~~ considerable
 25 savings would be made by allowing the contractor to make

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1 a faster penetration without deviation limitations, so in
2 order to save money, Texaco allowed the driller to drill
3 the fastest and easiest way and as a result they've got
4 the crooked hole and I think they've got a situation to
5 live with now.

6 MR. NUTTER: I have no further questions.

7 MR. PORTER: Anyone else have any questions?

8 MR. BATEMAN: Mr. McCarter, do you have a further
9 statement to make?

10 THE WITNESS: Yeah. I'd like to make a statement
11 in regard to Mr. Nutter's last statement. The oil industry
12 is made up of a bunch of optimistic individuals and individualists
13 who, if they sat back on their haunches and took things as
14 they were, the oil business wouldn't be in the condition it is
15 in today.

16 These men are made up of engineers, of geologists,
17 of drilling people. Each one of them approaches a problem
18 looking for an easier way to do it for a way to save money.
19 You will remember the cost squeezes that the industry has
20 gone through in the last few years where we have searched for
21 manners and methods to reduce our costs, most of the companies.
22 And I'm glad to report Texaco succeeded. Now, a lot of these
23 were administrative reductions in cost.

24 The drilling of wells in a new pool are extremely
25 costly until experience is gained in the pool where we try out

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1 new methods and new procedures. So I do not feel that if
 2 Texaco or even myself decided that the deviation in one
 3 direction was prevalent, that the reduction in cost to drill
 4 a well by not taking into consideration the weight on the
 5 bit was a justified means to an end.

6 Now, you will realize that once Texaco saw that this
 7 method or procedure did not work, that the remainder of the
 8 wells were completed in their forty-acre proration unit, so
 9 you might say this was a trial-and-error method which the oil
 10 business goes through in a lot of instances. And I do not
 11 think that Texaco should be penalized for taking these steps.
 12 We are all innovators and we're all subject to change. Thank
 13 you.

14 MR. BATEMAN: One brief statement, if the Commission
 15 please. I'd like to point out again that all offset operators
 16 have been notified. Some have responded with waivers; others
 17 didn't respond at all, and we'd like to re-emphasize that we
 18 take that to mean that that indicates approval of those who
 19 did not respond.

20 The second point would be that if the Commission
 21 chooses to grant exception to Rule 104-C1, we have in effect two
 22 wells on 80 acres; one well dedicated to each 40 which is of
 23 course the pool rule in this area, and I do not believe that the
 24 evidence here indicates that there would be any violation or any
 25 affect on the correlative rights of other operators. Thank you.

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MR. PORTER: Off the record.

(Whereupon, a brief discussion
was held off the record.)

MR. PORTER: Back on the record. The Commission
will take the case under advisement.

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STATE OF NEW MEXICO)
) ss.
COUNTY OF BERNALILLO)

I, CHARLOTTE J. MACIAS, Court Reporter in and for the
County of Bernalillo, State of New Mexico, do hereby certify
that the foregoing and attached Transcript of Hearing before
the New Mexico Oil Conservation Commission was reported by
me and that the same is a true and correct record of the said
proceedings, to the best of my knowledge, skill and ability.

Charlotte J. Macias
Court Reporter

NEW MEXICO OIL CONSERVATION COMMISSION

REGULAR HEARING

SANTA FE, NEW MEXICO

Hearing Date FEBRUARY 23, 1971 TIME: 9 A.M.

NAME	REPRESENTING	LOCATION
<i>Mike McCallister</i>	<i>Texaco Inc</i>	<i>Midland, Texas</i>
<i>C. H. Nance</i>	<i>TENNECO OIL</i>	<i>DENVER (CO)</i>
<i>O. Rial</i>	<i>"</i>	<i>"</i>
<i>H. C. Melnar</i>	<i>"</i>	<i>"</i>
<i>Curtis P Cook</i>	<i>Texaco Inc</i>	<i>Hobbs N.M.</i>
<i>Ken Bateman</i>	<i>White Gelburt Koch & Kelly</i>	<i>Santa Fe, N.M.</i>
<i>Richard S. Morris</i>	<i>Montgomery et al</i>	<i>Santa Fe</i>
<i>A.R. Kendrick</i>	<i>OCG</i>	<i>Albuquerque</i>
<i>William J. Fosley</i>	<i>Beard Oil Co & Gilbert R. Maxwell</i>	<i>Farmington</i>
<i>L. C. White</i>	<i>Texaco & Tenneco White Gelburt Koch & Kelly</i>	<i>Santa Fe</i>

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico

February 17, 1971

REGULAR HEARING

IN THE MATTER OF:

Application of Texaco, Inc., for
an exception to Rule 505 of the
Commission Rules and Regulations,
Lea County, New Mexico.

Case No. 4442

BEFORE: Mr. A. L. Porter
Governor Bruce King

TRANSCRIPT OF HEARING

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1 MR. PORTER: I have an announcement concerning
2 Cases 4442 and 4457. I had told Governor King some time ago,
3 as you know, right now he's right in the middle of the
4 Legislative session over there, and we prevailed on him to
5 come over and be with us throughout the allowable hearing.

6 I had promised that I could have a quorum without
7 him to hear the other cases; Mr. Armijo had agreed to sit with
8 me, and on Monday this week, I was advised that Mr. Armijo was
9 sick. Again, yesterday. But at that time, he thought he
10 could be here this morning. But they called in this morning
11 and said that he would not be able to be here.

12 Now, we're going to have to recess the hearing at
13 this time because Governor King will have to go back to his
14 office on account of prior commitments that were made; on the
15 basis of the information that I had previously given him, he
16 cannot sit with us during the remainder of the day.

17 After the Legislative session, he'll be with us,
18 at as many of these hearings as he possibly can.

19 So I'm going to have to recess the hearing at this
20 time and try to get in touch with Mr. Armijo either by
21 telephone at home or someone in his office and see whether
22 he will be available sometime later today or whether we will
23 have to agree on a date to which we can continue these two
24 cases.

25 I realize that they are De Novos, that they have

1 been appealed from the Examiner's recommendations and the
 2 Commission's decision on the basis of the Examiner
 3 recommendations and that you are, in both cases, anxiously
 4 awaiting a decision. But sometimes, circumstances are beyond
 5 our control.

6 So at this time, we'll recess the hearing for a
 7 few minutes and we'll reconvene, and I'll let you know whether
 8 we can proceed with these two cases or what date we can
 9 expect to continue them to. So the hearing is recessed.

10 (Whereupon, the hearing stood in
 11 a brief recess.)

12 MR. PORTER: The hearing will come to order, please.

13 Again, I want to express my regrets if anybody
 14 involved in Case 4442 and Case 4457 has been inconvenienced
 15 to any degree, but because of circumstances that were
 16 previously explained in the record, there was nothing we
 17 could do about it, and we didn't know about it in time to
 18 notify you in advance to keep you from having to make the
 19 trip, although I don't know why anybody would object to coming
 20 to Santa Fe. But I have contacted, during the recess period,
 21 Commissioner Armijo and he will not be able to come to attend
 22 the hearing today. He said that it would be fine with him
 23 if we set the hearing for next Tuesday morning at nine o'clock,
 24 and certainly, we hope that he will be in condition to meet
 25 with us at that time.

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1 We're going to continue Cases 4442 and 4457 to
2 nine a.m., Tuesday morning. What day of the month will that
3 be?

4 MR. NUTTER: 23rd.

5 MR. HATCH: 23.

6 MR. PORTER: Tuesday morning, February 23rd. So
7 this hearing is adjourned.

25

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1 STATE OF NEW MEXICO)
2) SS
3 COUNTY OF BERNALILLO)

4 I, CHARLOTTE J. MACIAS, Court Reporter in and for the
5 County of Bernalillo, State of New Mexico, do hereby certify
6 that the foregoing and attached Transcript of Hearing before
7 the New Mexico Oil Conservation Commission was reported by
8 me and that the same is a true and correct record of the said
9 proceedings, to the best of my knowledge, skill and ability.

10 
11 Court Reporter

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BEFORE THE
NEW MEXICO OIL CONSERVATION COMMISSION
Santa Fe, New Mexico
October 14, 1970

EXAMINER HEARING

IN THE MATTER OF:

Application of Texaco Inc. for an
exception to Rule 505 of the
Commission Rules and Regulations,
Lea County, New Mexico.

Case No. 4442

BEFORE: Daniel S. Nutter, Examiner.

TRANSCRIPT OF HEARING

MR. NUTTER: Call Case 4442.

MR. HATCH: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico.

MR. BATEMAN: Mr. Examiner, I am Ken Bateman of the firm of White, Gilbert, Koch and Kelly, appearing for the Applicant, Texaco. I have one witness and desire that he be sworn.

MR. NUTTER: The witness is still under oath from the previous case.

MR. BATEMAN: I take it his qualifications are --

MR. NUTTER: He is still qualified.

MR. BATEMAN: -- acceptable.

MR. NUTTER: Just barely.

(Whereupon, Applicant's Exhibits 1 through 4 were marked for identification.)

DALE McCARTER,

having been previously duly sworn according to law, upon his oath, testified as follows:

DIRECT EXAMINATION

BY MR. BATEMAN:

Q Refer to Exhibit 1, Mr. McCarter, and tell the Commission what Texaco seeks.

A Texaco seeks an exception to Rule 505 of the

Commission's Rules and Regulations to permit the assignment of more than one single top unit allowable for the Vacuum-Abo Reef Pool to two wells located in Unit No. "E" of Section 12, Township 18 South, Range 34 East, being wells No. 8 and 10 of Texaco's New Mexico's "AE" State Lease.

Q What does Exhibit 1 relate?

A Exhibit 1 is a structure map of a portion of the Abo Reef Formation. It shows Texaco's "AE" Lease being all of Section 11 and the west half of Section 12, Township 18 South, Range 34 East.

You will note on the map that there are small circles connected by a line to a blacked out circle and then circled by a larger circle. The small circle indicates the surface location of the wells, where the wells were drilled.

The other end of the dotted line indicates the bottom hole location as determined by directional surveys run by the company.

MR. NUTTER: Is this shown by the black dot?

THE WITNESS: That's by the black dot.

MR. NUTTER: What does the circle around the black dot indicate?

THE WITNESS: The circle around there was for me to color but they colored everything yellow on the map so I didn't do it. I figured my colors would get lost in there anyway.

MR. NUTTER: Okay. At any rate, the small open circle is the surface location?

THE WITNESS: That is correct.

MR. NUTTER: The black dot which has a larger circle around it indicates the bottom hole location?

THE WITNESS: That is correct.

MR. NUTTER: I see.

THE WITNESS: This does indicate by the number of these examples on this plat that deviation of the well bore during drilling was a problem in this area.

MR. NUTTER: Were these bottom hole locations determined by directional survey in each case or are --

THE WITNESS: Yes, sir.

MR. NUTTER: -- these totco readings all accumulated in one direction?

THE WITNESS: No, sir. These were determined by directional surveys.

MR. NUTTER: Actual directional surveys?

THE WITNESS: Yes, sir. You will notice in Units

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"F", "K", "L" and "N" of Section 12, where wells were drilled prior to Texaco drilling Well No. 8 and in each instance, the bottom hole location is located northeast of the surface location.

Texaco, when they drilled Well No. 8, decided to move 330 from the corner of this proration unit to drill Well No. 8 and it didn't follow the course of the others in that it ended up northwest. It just so happens that the Abo Reef pay zone is located in this well bore in both Unit "E" of Section 12 and Unit "H" of Section 11.

At that time, Texaco made application for administrative approval from the Commission to complete the well in the lower portion of the Abo Reef which was located entirely in Unit "H" of Section 11, which the Commission granted.

Well No. 10, which was originally scheduled to be drilled in Unit "H" was then moved and drilled in Unit "E" so at the current time Well No. 8 is completed only in Unit "H" of Section 11 and Unit "H" is assigned as its proration unit.

Well No. 10, although it doesn't indicate it on this map, we did run a directional survey on this well and I do have the coordinance from the surface location. The surface location is the one that is shown.

MR. NUTTER: So, in this particular instance then, a black dot with a large circle around it doesn't indicate the bottom hole location?

THE WITNESS: That is correct, unfortunately. The well did deviate 235.4 feet north of this surface location and 144.3 feet east so that you can see that when we did drill No. 10, it deviated in directions that most of the wells in the area did.

Q (By Mr. Bateman) So, initially, Well No. 8 was intended to be productive in Unit "E", is that correct?

A That is correct.

Q Refer to your Exhibits No. 2 and 3 and tell us what it relates regarding the deviation experience.

A Exhibit No. 2 is the path of the well as indicated by the directional survey and Exhibit No. 3 is the actual data from which Exhibit No. 2 was drawn. It does show the surface location -- excuse me, Exhibit 2 shows a surface location in the bottom right hand corner of the exhibit.

It shows the path of the well back to the north and then turn back west and where it actually crosses the section line and into Unit "H". I also marked on here where the top of the Abo Reef occurs in the well

bore.

Now, these distances here are measured depths, correct. This is not put on to a true vertical depth. It occurs at 8320 feet which in this instance is just to the right of directional survey shot No. 90. I have also indicated Texaco's proposed top of new perms in Well No. 8 which will be immediately to the left of this point No. 90. The top of the Abo Reef is 56 feet -- according to my calculation 56 and a half feet into Unit "E".

MR. NUTTER: What is the horizontal scale here?

THE WITNESS: This is twenty feet per major division so it would be two feet per division.

MR. NUTTER: In other words, the major division would be about an inch there?

THE WITNESS: That is correct.

MR. NUTTER: And the small one is a tenth of an inch?

THE WITNESS: The small one is a tenth of an inch.

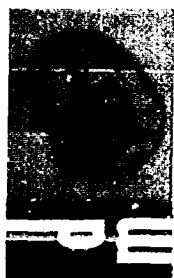
MR. NUTTER: So, it's two feet per tenth?

THE WITNESS: Yes, sir. Okay. The top of the proposed perforated interval then occurs 56 and a half feet into the unit.

Q (By Mr. Bateman) All right. Refer to your Exhibit

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No. 4, which is a log of Well No. 8, is that correct?

A That is correct. Exhibit No. 4 has indicated on it at a depth of 8683 a dash line running across the log where the section line occurs in this well. It also indicates in red the existing perforations which are below this point.

In blue are what Texaco would like to open up as additional pay in this well to effectively drain this portion of the reservoir. You will notice these proposed perfs are actually on both sides of the section line.

Q What do you expect to obtain in production?

A By opening this additional pay which is -- which we have accomplished on other wells in the area, we expect a top allowable flowing oil well. The well is currently producing approximately 44 barrels of oil a day.

Q What would be the top allowable rate?

A Top allowable at a normal unit allowable of 70 is 210 barrels of oil per day.

MR. NUTTER: And it's marking what?

THE WITNESS: Forty-four barrels of oil a day.

Q (By Mr. Bateman) What production experience have you had from Well No. 10?

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A Well No. 10 is capable of producing in excess of top allowable. The well was completed originally in the lower portion of the Abo Reef. I might point out that most of Texaco's completions in the Abo Reef in this area were in the lower portion of the pay zone.

It was thought at the time that we drilled the wells that we had enough vertical communication to effectively drain the reservoir. However, this has not been borne out by actual production practices. We have come back into a number of these wells and perforated additional pay in the top of the Abo Reef.

Well No. 10 was worked over in April of 1967. It was producing 163 barrels of oil per day prior to workover. After workover, it potentialized for 224 barrels of oil per day and this workover was opening up additional pay.

Well No. 10 has recovered 372,000 barrels of oil to date. Well No. 8 has only recovered 136,000 barrels of oil. I might go on across due west. Well No. 15, located in Unit "G" of Section 11, is currently capable of flowing top allowable and its cumulative recovery is 355,000 barrels of oil.

Well No. 11 in Unit "I" of Section 11 is currently

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capable of flowing 82 barrels of oil per day and 3 barrels of water. Its cumulative recovery is 379,000 barrels of oil. Now, these are all Crystal or Four Reef wells.

When you get into the back reef, the recoveries and rates are not as attractive. From this data it would appear that we would actually need another drainage point to effectively drain this reservoir.

Q What additional recovery do you expect from Well No. 8?

A We have estimated additional recovery at 274,000 barrels of oil. This is with the additional perforations opened up.

Q Do you have an estimated cost of recovery?

A Cost of the workover?

Q Yes.

A Our estimated cost is \$11,800.00 to complete this workover.

Q What would it cost to drill another well in Unit "H"?

A Our estimated cost to actually drill another well in Unit "H" would be \$135,900.00.

Q What's the status of the lease ownership in Unit "E" and "H"?

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A The lease is common. It is a state lease, same base lease and it does have a common royalty beneficiary which is the state common school land fund so there would be no detrimental effects upon the royalty beneficiaries.

Q Will correlative rights be protected by the proposal?

A Yes. The well is located in approximately the center of our block of acreage and it is removed from any offsetting operators.

Q Were Exhibits 1 through 4 prepared by you or under your direction?

A Yes, they were.

MR. BATEMAN: I move the admission of Exhibits 1 through 4.

MR. NUTTER: Texaco's Exhibits 1 through 4 will be admitted in evidence.

Q (By Mr. Bateman) Do you have anything further, Mr. McCarter?

A No, I don't.

CROSS EXAMINATION

BY MR. NUTTER:

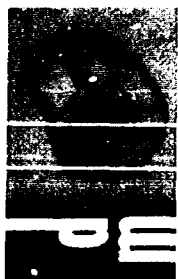
Q Mr. McCarter --

A I would make one additional comment, although it

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wasn't advertised in this manner. We are actually seeking this approval so that we can actually produce Well No. 8 at a top allowable rate. The stipulation should be made that Texaco, if granted this request, will not drill a well to the Abo Reef in Unit "H" of Section 11 unless after notice and hearing.

That is all.

MR. RAMEY: Are you implying you are willing to drill a well there?

Q (By Mr. Nutter) Mr. McCarter, this has declined to the rate of 44 barrels per day from these perforations that are presently open in the well?

A Yes, sir.

Q What has been the rate of decline here?

A I do not have an actual decline curve drawn on the well.

Q You said the well has only made --

A It's only made 136,000 barrels. This thing has been at a low rate ever since it came off of top allowable for the well was a top allowable well when it was first completed.

Q Then it declined rapidly and it has probably been settled out to a relatively low rate for some time?

A That is correct.

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- Q What did you say the No. 10 Well just east has made?
- A It has recovered 372,000 barrels.
- Q So you've got a 136,000 barrel well in the middle of 350 and 372,000?
- A Well No. 11 to the south of this location has recovered 379,000.
- Q And 379? And you attribute this to the fact that you might say that this well has only half of its possible perforations open?
- A It has less than half really, if you will look at the log.
- Q Well, now, have these other wells been perforated in this interval from up here in the top of the Abo clear down to the lowermost perforations in the existing well?
- A Yes, sir.
- Q Which is almost 600 feet of perforations then for the other wells?
- A That is correct. Some of the wells when they were originally worked over we left the bottom set of perforations below a bridge plug because of the high rates encountered in the upper portion and we were afraid we would be losing some oil to these depleted

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PAGE 4

zones. However, we went back in there and took the bridge plugs out and ran tracer surveys to follow the flow of the fluid in one of the wells and it didn't indicate such was happening, so we have since then left the bottom perforations open with the top perforations.

Q Mr. McCarter, what would be the matter with bridging these lower perforations off for the time being, opening up your new proposed perforations? You will probably establish top allowable, produce that for some period of time and then at such time as No. 10 has declined to a marginal rate, then the lower perforations in No. 8 could be opened up again back on that 40.

A I don't quite follow you now. We are going to open up the upper set of perforations --

Q Bridge off these existing perforations and then open up the upper perforations?

A Okay.

Q No, it's in the wrong 40.

A Then, I have two top allowable wells in that 40 which I am making this application for.

(Whereupon, a discussion off the record was held.)

Q (By Mr. Nutter) I see now why this proposal would not work. You would have two top allowable wells on

the same 40 and no production on the other 40 --

A That is correct.

Q -- which wouldn't be desirable.

A This would leave you open to drilling another well over there.

Q Big area there that isn't being drained apparently. A large undeveloped area there between those wells.

A If you move this surface location on 10 over to a bottom hole location, you will notice that it's only 150 foot off of the quarter quarter section line, with that distance I gave you, so actually we have got -- a well will be completed at approximately 1220 feet apart which would be a non-standard spacing.

Q Close to 1320.

A That is correct. We do have a vacant spot in this area which you indicated and we are going down-structure at this point. We are going into back reef faces in that direction, moving back to the north.

Q I suppose we are talking about the same void, the square between 8, 13, 14 and 15?

A That is correct.

Q Only the north half of that is down-structure; you are going up on the south half?

A That is correct. We can't get another well in there without, like you say, going in and drilling another well and then we have the same voided situation occurring in Unit "E", or big area, let's put it this way.

Q How do these back face reserves compare with these front-side reserves on this reef?

A They are not as good. However, some of them have got quite substantial reserves.

Q Have they produced in the neighborhood of 300,000 plus barrels?

A No. 9 has up in Unit "C" of Section 12. It has produced 282,000 barrels.

Q How about 12 and 13?

A Twelve has produced 207,000 barrels. No. 13 has produced 87,000 barrels. No. 14 has produced 327,000 barrels. So, there, we have quite a variation between recoveries on two adjoining proration units there without too much structural difference.

You are looking at about 150 feet of structural difference.

MR. NUTTER: Are there any other questions of Mr. McCarter?

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PAGE 17

MR. RAMEY: Mr. McCarter, would it be possible to re-enter this No. 8 and cut a window in your casing and you know directionally drill over it?

THE WITNESS: The well is equipped with two and seven-eighths inch casing, so I believe it would be impossible.

MR. RAMEY: All right.

MR. NUTTER: Are there any other questions of Mr. McCarter? He may be excused.

(Witness excused.)

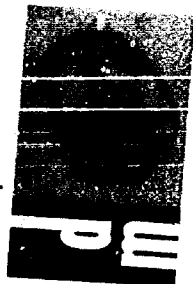
MR. NUTTER: Do you have anything further, Mr. Bateman?

MR. BATEMAN: No, sir.

MR. NUTTER: Does anyone have anything they wish to offer in Case 4442?

We will take the case under advisement and the hearing is adjourned.

(Whereupon, the hearing was adjourned.)



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I N D E X

WITNESS

PAGE

DALE McCARTER

Direct Examination by Mr. Bateman

2

Cross Examination by Mr. Nutter

11

E X H I B I T S

Applicant's 1 through 4

2

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PAGE 19

STATE OF NEW MEXICO)
) ss
COUNTY OF BERNALILLO)

I, GLENDA BURKS, Court Reporter in and for the County of Bernalillo, State of New Mexico, do hereby certify that the foregoing and attached Transcript of Hearing before the New Mexico Oil Conservation Commission was reported by me; and that the same is a true and correct record of the said proceedings to the best of my knowledge, skill and ability.

Glenda Burks
Court Reporter

I do hereby certify that the foregoing is a true and correct record of the proceedings before the New Mexico Oil Conservation Commission on 10/14/70. 4442
James Secretary
New Mexico Oil Conservation Commission



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO

P. O. BOX 2088 - SANTA FE

87501

March 31, 1971

GOVERNOR
BRUCE KING
CHAIRMAN

**LAND COMMISSIONER
ALEX J. ARMIJO
MEMBER**

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

Mr. Ken Bateman
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 4442
Order No. R-4072-A
Applicant:

Texaco Inc.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

A. L. Porter, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC **x**

Artesia OCC

Aztec OCC

Other _____

Docket No. 4-71

DOCKET: REGULAR HEARING - WEDNESDAY - FEBRUARY 17, 1971

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

- ALLOWABLE: (1) Consideration of the oil allowable for March and April, 1971;
- (2) Consideration of the allowable production of gas for March, 1971, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for March, 1971.

CASE 4442 (De Novo):

Application of Texaco Inc. for an exception to Rule 505 of the Commission Rules and Regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than one single top unit allowable for the Vacuum-Abo Pool to two wells, the surface locations of which are in Unit E of Section 12, Township 18 South, Range 34 East, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the
North line and 990 feet from the West line;

Said Well No. 10 is a relatively straight hole with all perforations confined entirely to said Unit E while said Well No. 8 is a crooked hole and would have perforations both in said Unit E of Section 12 and in Unit H of Section 11 of said Township and Range.

Upon application of Texaco Inc., this case will be heard DE NOVO under the provisions of Rule 1220.

In the alternative, applicant seeks an exception to Rule 104-C-I of the Commission Rules and Regulations to permit said Well No. 8 to have perforations outside the horizontal limits of the proration unit presently dedicated to said well.

CASE 4457:
(DE NOVO)

Application of Tenneco Oil Company for the creation of a new pool, assignment of discovery allowable, and promulgation of special pool rules, McKinley County, New Mexico. Applicant, in the above-styled cause, seeks the creation of a new pool for the production of oil from the "D" zone of the Dakota formation for its Don Ne Pah Well No. 1 located in Unit D of Section 18, Township 17 North, Range 8 West, McKinley County, New Mexico, and for the assignment of an oil discovery allowable to said well. Applicant further seeks the promulgation of special rules for said pool, including provisions for 80-acre spacing units with wells to be drilled in either the northwest or southeast quarter-quarter sections. Upon the application of Tenneco Oil Company this case will be heard DE NOVO under the provisions of Rule 1220.

(Case 4498 continued)

(g) Extend the South Prairie-Cisco Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 8 SOUTH, RANGE 36 EAST, NMPM
SECTION 21: E/2

(h) Extend the Rock Tank-Lower Morrow Gas Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 23 SOUTH, RANGE 24 EAST, NMPM
SECTION 1: All

(i) Extend the West Sawyer-San Andres Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 9 SOUTH, RANGE 37 EAST, NMPM
SECTION 28: N/2 and SW/4

(j) Extend the Scarborough Yates-Seven Rivers Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 26 SOUTH, RANGE 36 EAST, NMPM
SECTION 25: SE/4

CASE 4499: Northwestern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in San Juan, McKinley and Rio Arriba Counties, New Mexico.

(a) Create a new pool in McKinley County, New Mexico, classified as an oil pool for Dakota production and designated as the Hospah Dakota Oil Pool. The discovery well is the Tenneco Oil Corporation Hospah Well No. 10 located in Unit 'C' of Section 12, Township 17 North, Range 9 West, NMPM. Said pool would comprise:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
SECTION 7: NW/4

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM
SECTION 11: E/2 SE/4 and SE/4 NE/4
SECTION 12: N/2 & N/2 SW/4

(b) Create a new pool in Rio Arriba County, New Mexico, classified as an oil pool for Gallup-Dakota production and designated as the West Lindriith Gallup-Dakota Oil Pool. The discovery well is the Continental Oil Company Jicarilla 28 Well No. 1 located in Unit J of Section 28, Township 25 North, Range 4 West, NMPM. Said pool would comprise:

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM
SECTION 15: W/2 SE/4
SECTION 21: SE/4
SECTION 22: W/2 & W/2 E/2

(Case 4499 (b) continued)

TOWNSHIP 25 NORTH, RANGE 4 WEST, NMPM

SECTION 27: W/2 & W/2 E/2

SECTION 28: E/2, SW/4, & E/2 NW/4

SECTION 32: N/2 SE/4

SECTION 33: N/2 & N/2 S/2

SECTION 34: NW/4, N/2 SW/4, W/2 NE/4
N/2 SE/4 and SE/4 SE/4

(c) Create a new pool in San Juan County, New Mexico, classified as a gas pool for Fruitland-Pictured Cliffs production and designated as the Harper Hill Fruitland Pictured Cliffs Pool. The discovery well is the Dugan Production Corporation Federal "I" Well No. 4 located in Unit C of Section 1, Township 29 North, Range 14 West, NMPM. Said pool would comprise:

TOWNSHIP 29 NORTH, RANGE 14 WEST, NMPM

SECTION 1: All

(d) Extend the Aztec-Pictured Cliffs Pool, San Juan County, New Mexico, to include therein:

TOWNSHIP 28 NORTH, RANGE 10 WEST, NMPM

SECTION 9: W/2 Partial

TOWNSHIP 29 NORTH, RANGE 9 WEST, NMPM

SECTION 19: All

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

SECTION 31: NW/4

TOWNSHIP 31 NORTH, RANGE 12 WEST, NMPM

SECTION 2: S/2

SECTION 11: E/2

SECTION 12: SW/4

SECTION 13: NW/4

(e) Extend the Blanco-Pictured Cliffs Pool in San Juan County, New Mexico, to include therein:

TOWNSHIP 30 NORTH, RANGE 9 WEST, NMPM

SECTION 7: SW/4

SECTION 14: NW/4

SECTION 18: W/2

TOWNSHIP 30 NORTH, RANGE 10 WEST, NMPM

SECTION 1: SE/4

SECTION 12: E/2

TOWNSHIP 31 NORTH, RANGE 11 WEST, NMPM

SECTION 7: NW/4

SECTION 13: W/2

CASE 4498: Southeastern New Mexico nomenclature case calling for an order for the creation and extension of certain pools in Lea, Eddy and Roosevelt Counties, New Mexico.

(a) Create a new pool in Eddy County, New Mexico, classified as a gas pool for Morrow production and designated as the North Antelope Sink-Morrow Gas Pool. The discovery well is the Midwest Oil Corporation Federal J No. 1 located in Unit M of Section 21, Township 18 South, Range 24 East, NMPM. Said pool would comprise:

TOWNSHIP 18 SOUTH, RANGE 24 EAST, NMPM
SECTION 21: W/2

(b) Create a new pool in Eddy County, New Mexico, classified as an oil pool for Lower Pennsylvanian production and designated as the Sand Dunes-Lower Pennsylvanian Pool. The discovery well is the Texas American Oil Corporation Todd 14 Federal No. 1 located in Unit K of Section 14, Township 23 South, Range 31 East, NMPM, with special vertical limits defined as being from 14,030 feet to 15,220 feet as in the discovery well. Said pool would comprise:

TOWNSHIP 23 SOUTH, RANGE 31 EAST, NMPM
SECTION 14: W/2

(c) Extend the North Bagley-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 12 SOUTH, RANGE 33 EAST, NMPM
SECTION 8: NE/4

(d) Extend the Chaveroo-San Andres Pool in Roosevelt County, New Mexico, to include therein:

TOWNSHIP 7 SOUTH, RANGE 32 EAST, NMPM
SECTION 22: SE/4

(e) Extend the Eagle Creek-San Andres Pool in Eddy County, New Mexico, to include therein:

TOWNSHIP 17 SOUTH, RANGE 25 EAST, NMPM
SECTION 22: SE/4
SECTION 27: NW/4 NE/4 and NE/4 NW/4

(f) Extend the Lea-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 36: NW/4

Regular Hearing - February 17, 1971
-5-

Docket No. 4-71

(Case 4499 (e) continued)

TOWNSHIP 32 NORTH, RANGE 11 WEST, NMPM
SECTION 29: SW/4
SECTION 30: SE/4

(f) Extend the Lone Pine-Dakota "D" Oil Pool in McKinley County,
New Mexico, to include therein:

TOWNSHIP 17 NORTH, RANGE 8 WEST, NMPM
SECTION 8: SW/4 SW/4
SECTION 17: NW/4 NW/4

TOWNSHIP 17 NORTH, RANGE 9 WEST, NMPM
SECTION 13: SE/4 NW/4

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4442 (de novo)
Order No. R-4072-A

APPLICATION OF TEXACO INC. FOR AN
EXCEPTION TO RULE 505 OF THE COM-
MISSION RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on February 17, 1971, at Santa Fe, New Mexico, before the Oil Conservation Commission of New Mexico, hereinafter referred to as the "Commission," and was continued to 9 a.m. on February 23, 1971.

NOW, on this 30th day of March, 1971, the Commission, a quorum being present, having considered the testimony presented and the exhibits received at said hearing, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That after a hearing before an examiner, Commission Order No. R-4072, dated December 8, 1970, was entered denying the application of Texaco Inc., seeking an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than a single top unit allowable for the Vacuum-Abo Reef Pool to two wells, the surface locations of which are in the SW/4 NW/4 of Section 12, Township 18 South, Range 34 East,

-2-

CASE NO. 4442 (de novo)
Order No. R-4072-A

NMPM, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the
North line and 990 feet from the West line.

(3) That the applicant requested and was granted a hearing de novo before the Oil Conservation Commission.

(4) That the application of Texaco Inc., was amended to also seek, as an alternative to the above-described request, an exception to Rule 104-C-I of the Commission Rules and Regulations to permit the above-described Well No. 8 to have perforations outside the horizontal limits of the proration unit dedicated to the well.

(5) That said Well No. 8 is a crooked hole that bottomed in the SE/4 NE/4 of Section 11, Township 18 South, Range 34 East.

(6) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(7) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(8) That the applicant seeks authority to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both of the above-described proration units and to produce more than one top unit allowable for the SW/4 NW/4 of said Section 12 from the above-described two wells or in the alternative permit said Well No. 8 to produce as the dedicated well for the proration unit comprising the SE/4 NE/4 of said Section 11 with perforations both within and without the horizontal limits of said dedicated units.

(9) That said Well No. 8 is incapable of producing more than a marginal allowable through perforations confined to the horizontal limits of the SE/4 NE/4 of said Section 11.

-3-

CASE NO. 4442 (de novo)
Order No. R-4072-A

(10) That said Well No. 10 is capable of producing more than a top unit allowable through perforations confined to the horizontal limits of the SW/4 NW/4 of said Section 12.

(11) That perforating said Well No. 8 as requested by the applicant would permit the production of additional oil by said Well No. 8.

(12) That whether said additional oil produced by Well No. 8 is credited to the proration unit comprising the SW/4 NW/4 of said Section 12 or the proration unit comprising the SE/4 NE/4 of said Section 11 it would in fact be produced from perforations confined to the horizontal limits of the unit comprising the SW/4 NW/4 of Section 12.

(13) That the permitted top unit allowable in the subject pool is based upon a standard proration unit consisting of approximately 40 surface acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys, or on a governmental quarter-quarter section or lot.

(14) That permitting the applicant to produce more than one top unit allowable from two wells having perforations within the horizontal limits of the SW/4 NW/4 of said Section 12, a single proration unit, would allow the operator to produce more oil from said single proration unit than other operators in the subject pool are permitted to produce from a single proration unit, and would, therefore, violate the correlative rights of the other operators in the pool.

(15) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

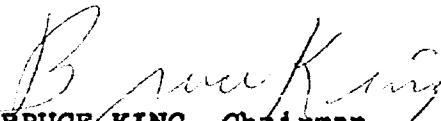
(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

-4-

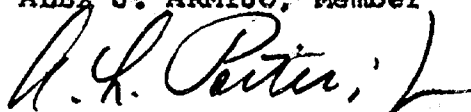
CASE NO. 4442 (de novo)
Order No. R-4072-A

DONE at Santa Fe, New Mexico, on the day and year hereinabove
designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION


BRUCE KING, Chairman


ALEX J. ARMIJO, Member


A. L. PORTER, Jr., Member & Secretary



dr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4442
Order No. R-4072

APPLICATION OF TEXACO INC. FOR AN
EXCEPTION TO RULE 505 OF THE COM-
MISSION RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on October 14, 1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of December, 1970, the Commission, a quorum being present, having considered the testimony, the record, and the recommendations of the Examiner, and being fully advised in the premises,

FINDS:

(1) That due public notice having been given as required by law, the Commission has jurisdiction of this cause and the subject matter thereof.

(2) That the applicant, Texaco Inc., is the owner and operator of a lease comprising, among other lands, the SE/4 NE/4 of Section 11 and the SW/4 NW/4 of Section 12, both in Township 18 South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than a single top unit allowable for the Vacuum-Abo Reef Pool to two wells, the surface locations of which are in the above-described SW/4 NW/4 of said Section 12 as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the
North line and 990 feet from the West line.

-2-

CASE No. 4442

Order No. R-4072

(4) That said Well No. 8 is a crooked hole that bottomed in the above-described adjoining SE/4 NE/4 of said Section 11.

(5) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(6) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(7) That the applicant now proposes to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both of the above-described quarter-quarter sections and to produce more than one top allowable from the above-described two wells, both having perforated intervals within the horizontal limits of one proration unit; namely, the SW/4 NW/4 of said Section 12.

(8) That the production of more than one top unit allowable from two wells having perforations within the horizontal limits of a single proration unit would violate the correlative rights of other operators in the subject pool.

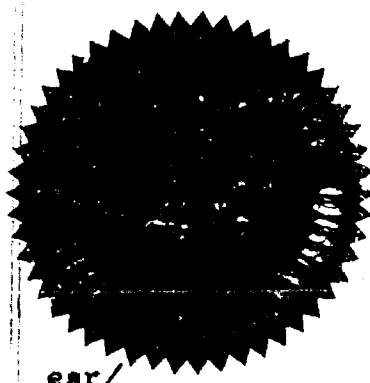
(9) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.



STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

David F. Cargo
DAVID F. CARGO, Chairman

Alex J. Armijo
ALEX J. ARMILLO, Member

A. L. Porter, Jr.
A. L. PORTER, Jr., Member & Secretary

esr/

71 FEB 18 PM 1 02

File

WAIVER OF OBJECTION
CASE NO. 4442

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc. has advised that they are making application in Case No. 4442, to complete their New Mexico "AE" State Well No. 8, Vacuum Abo Reef Pool, in such a manner that the perforated interval will cross the proration unit boundary between Unit H of Section 11 and Unit E of Section 12, T-18-S, R-34-E, Lea County, New Mexico.

It is understood that Texaco's New Mexico "AE" State Wells Number 8 and 10 would then be completed in the same proration unit, Unit E of Section 12. It is also understood that Texaco will be limited to no more than one normal top allowable for the Vacuum Abo Reef Pool for each of these wells.

The undersigned, being an operator in the Vacuum Abo Reef Pool, hereby waives objection to the granting of Texaco's request in Case No. 4442, as described above.

COMPANY Amerada Hess Corporation

BY *D. B. Driffin*

DATE February 17, 1971

71 FEB 12 PM 1 03

WAIVER OF OBJECTION
CASE NO. 4442

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc. has advised that they are making application in Case No. 4442, to complete their New Mexico "AE" State Well No. 8, Vacuum Abo Reef Pool, in such a manner that the perforated interval will cross the proration unit boundary between Unit H of Section 11 and Unit E of Section 12, T-18-S, R-34-E, Lea County, New Mexico.

It is understood that Texaco's New Mexico "AE" State Wells Number 8 and 10 would than be completed in the same proration unit, Unit E of Section 12. It is also understood that Texaco will be limited to no more than one normal top allowable for the Vacuum Abo Reef Pool for each of these wells, for the two proration units, H in Section 11 and E in Section 12.

The undersigned, being an operator in the Vacuum Abo Reef Pool, hereby waives objection to the granting of Texaco's request in Case No. 4442, as described above.

COMPANY FEATHERSTONE DEVELOPMENT CORP.

BY Charles W. Hicks
(Charles W. Hicks - Vice President)
DATE February 11, 1971

71 FEB 11 PM 1 08

gm

WAIVER OF OBJECTION
CASE NO. 4442

file

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc. has advised that they are making application in Case No. 4442, to complete their New Mexico "AE" State Well No. 8, Vacuum Abo Reef Pool, in such a manner that the perforated interval will cross the proration unit boundary between Unit H of Section 11 and Unit E of Section 12, T-18-S, R-34-E, Lea County, New Mexico.

It is understood that Texaco's New Mexico "AE" State Wells Number 8 and 10 would than be completed in the same proration unit, Unit E of Section 12. It is also understood that Texaco will be limited to no more than one normal top allowable for the Vacuum Abo Reef Pool for each of these wells.

The undersigned, being an operator in the Vacuum Abo Reef Pool, hereby waives objection to the granting of Texaco's request in Case No. 4442, as described above.

COMPANY CITIES SERVICE OIL CO.

BY *[Signature]*

DATE 2-12-71

71 FEB 17 AM 9 15

WAIVER OF OBJECTION
CASE NO. 4442

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc. has advised that they are making application in Case No. 4442, to complete their New Mexico "AE" State Well No. 8, Vacuum Abo Reef Pool, in such a manner that the perforated interval will cross the proration unit boundary between Unit H of Section 11 and Unit E of Section 12, T-18-S, R-34-E, Lea County, New Mexico.

It is understood that Texaco's New Mexico "AE" State Wells Number 8 and 10 would than be completed in the same proration unit, Unit E of Section 12. It is also understood that Texaco will be limited to no more than one normal top allowable for the Vacuum Abo Reef Pool for each of these wells.

The undersigned, being an operator in the Vacuum Abo Reef Pool, hereby waives objection to the granting of Texaco's request in Case No. 4442, as described above.

COMPANY HUMBLE OIL & REFINING COMPANY

BY

J. G. Gault

DATE

FEBRUARY 11, 1971

RECEIVED
R.R.C. OF TEXAS

FEB 15 1971

D.G.
AUSTIN, TEXAS

71 FEB 19 PM 1 03

WAIVER OF OBJECTION
CASE NO. 4442

New Mexico Oil Conservation Commission
P. O. Box 2088
Santa Fe, New Mexico 87501

Gentlemen:

Texaco Inc. has advised that they are making application in Case No. 4442, to complete their New Mexico "AE" State Well No. 8, Vacuum Abo Reef Pool, in such a manner that the perforated interval will cross the proration unit boundary between Unit H of Section 11 and Unit E of Section 12, T-18-S, R-34-E, Lea County, New Mexico.

It is understood that Texaco's New Mexico "AE" State Wells Number 8 and 10 would than be completed in the same proration unit, Unit E of Section 12. It is also understood that Texaco will be limited to no more than one normal top allowable for the Vacuum Abo Reef Pool for each of these wells.

The undersigned, being an operator in the Vacuum Abo Reef Pool, hereby waives objection to the granting of Texaco's request in Case No. 4442, as described above.

Getty Oil Company ✓

COMPANY

Getty Oil Co.

BY

J. E. Pierce

DATE

J. E. Pierce, Dist. Prod. Manager
2-12-71

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF TEXACO INC. FOR AN EXCEPTION
TO RULE 505 OF THE COMMISSION
RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO

No. 4442

APPLICATION FOR HEARING DE NOVO

Comes now Texaco, Inc. and for its application applies for
a hearing de novo upon its original application herein and makes
its application in accordance with Article 65-3-11.1, N.M.S.A.
(1953) and Oil Conservation Commission Rule Number 1220, and in
support thereof would show the Commission:

1. That the Applicant herein is adversely affected by the
Commission's Order Number R-4072 issued on December 8, 1970. A
true copy of Order Number R-4070 is attached hereto as Exhibit A.

WHEREFORE, the Applicant prays that its original application
be set for hearing de novo at the earliest possible date, and
that after due notice and hearing as required by law, the Commis-
sion approve the original application in its entirety.

Respectfully submitted,

TEXACO, INC.

By

Kenneth S. Sattman
WHITE, GILBERT, KOCH & KELLY
P.O. Box 787
Santa Fe, New Mexico 87501
Attorneys for the Applicant

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501

DOCKETED

Date 2-5-71

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4442
Order No. R-4072

APPLICATION OF TEXACO INC. FOR AN
EXCEPTION TO RULE 505 OF THE COM-
MISSION RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing at 9:30 a.m. on October 14,
1970, at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this 8th day of December, 1970, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Texaco Inc., is the owner and opera-
tor of a lease comprising, among other lands, the SE/4 NE/4 of
Section 11 and the SW/4 NW/4 of Section 12, both in Township 18
South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks an exception to Rule 505 of
the Commission Rules and Regulations to permit the assignment
of more than a single top unit allowable for the Vacuum-Abo Reef
Pool to two wells, the surface locations of which are in the
above-described SW/4 NW/4 of said Section 12 as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the
North line and 990 feet from the West line.

Exhibit 'A'

-2-

CASE No. 4442

Order No. R-4072

(4) That said Well No. 8 is a crooked hole that bottomed in the above-described adjoining SE/4 NE/4 of said Section 11.

(5) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(6) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(7) That the applicant now proposes to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both of the above-described quarter-quarter sections and to produce more than one top allowable from the above-described two wells, both having perforated intervals within the horizontal limits of one proration unit; namely, the SW/4 NW/4 of said Section 12.

(8) That the production of more than one top unit allowable from two wells having perforations within the horizontal limits of a single proration unit would violate the correlative rights of other operators in the subject pool.

(9) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

STATE OF NEW MEXICO
OIL CONSERVATION COMMISSION

DAVID F. CARGO, Chairman

ALEX J. ARMIJO, Member

A. L. PORTER, Jr., Member & Secretary

S E A L

esr/

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE APPLICATION
OF TEXACO INC. FOR AN EXCEPTION
TO RULE 505 OF THE COMMISSION
RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO

No. 4442

APPLICATION FOR HEARING DE NOVO

Comes now Texaco, Inc. and for its application applies for
a hearing de novo upon its original application herein and makes
its application in accordance with Article 65-3-11.1, N.M.S.A.
(1953) and Oil Conservation Commission Rule Number 1220, and in
support thereof would show the Commission:

1. That the Applicant herein is adversely affected by the
Commission's Order Number R-4072 issued on December 8, 1970. A
true copy of Order Number R-4070 is attached hereto as Exhibit A.

As an alternative to the matters set forth in the original
application herein, Texaco, Inc. seeks an exception to Statewide
Rule 104-C-I to permit the completion of the New Mexico "AE"
State Well No. 8 outside of the assigned 40 acre proration unit,
being Unit H of Section 11, Township 18 South, Range 34 East.

WHEREFORE, the Applicant prays that its original application
and the alternative set forth herein be set for hearing de novo at
the earliest possible date, and that after due notice and hearing
as required by law, the Commission grant its approval.

RESPECTFULLY SUBMITTED,

TEXACO, INC
W. N. Sands
J. S. Rowe
P. O. Box 3109
Midland, Texas 79701

WHITE, GILBERT, KOCH & KELLY

By Kenneth Butman
Attorneys for the Applicant

WHITE, GILBERT, KOCH & KELLY
ATTORNEYS AT LAW
P. O. BOX 787
SANTA FE, NEW MEXICO 87501



OIL CONSERVATION COMMISSION

STATE OF NEW MEXICO
P. O. BOX 2088 - SANTA FE
87501

GOVERNOR
DAVID F. CARGO
CHAIRMAN

LAND COMMISSIONER
ALEX J. ARMJO
MEMBER

STATE GEOLOGIST
A. L. PORTER, JR.
SECRETARY - DIRECTOR

December 8, 1970

Mr. Ken Bateman
White, Gilbert, Koch & Kelly
Attorneys at Law
Post Office Box 787
Santa Fe, New Mexico

Re: Case No. 4442
Order No. R-4072
Applicant:
TEXACO INC.

Dear Sir:

Enclosed herewith are two copies of the above-referenced Commission order recently entered in the subject case.

Very truly yours,

G. L. Parker, Jr.

A. L. PORTER, Jr.
Secretary-Director

ALP/ir

Copy of order also sent to:

Hobbs OCC x

Artesia OCC

Aztec OCC

Other _____

DOCKET: REGULAR HEARING - WEDNESDAY - OCTOBER 14, 1970

OIL CONSERVATION COMMISSION - 9 A.M. - MORGAN HALL, STATE LAND OFFICE BUILDING,
SANTA FE, NEW MEXICO

ALLOWABLE: (1) Consideration of the oil allowable for November and December, 1970;

(2) Consideration of the allowable production of gas for November, 1970, from fifteen prorated pools in Lea, Eddy, Roosevelt and Chaves Counties, New Mexico. Consideration of the allowable production of gas from nine prorated pools in San Juan, Rio Arriba and Sandoval Counties, New Mexico, for November, 1970.

CASE 4436: (THIS CASE WILL BE HEARD BEFORE THE FULL COMMISSION OR BY EXAMINER DANIEL S. NUTTER)

Application of El Paso Natural Gas Company for the amendment of the General Rules and Regulations governing the prorated gas pools of New Mexico and the amendment of the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, New Mexico. Applicant, in the above-styled cause, seeks the amendment of the General Rules and Regulations governing the prorated gas pools of Northwest and Southeast New Mexico and the Special Rules and Regulations governing the Tapacito-Pictured Cliffs and Basin-Dakota Gas Pools located in Rio Arriba, San Juan, and Sandoval Counties, to permit substantial changes in the method of classifying marginal wells, and the assignment of allowable to marginal wells governed by the aforesaid rules and regulations, as well as a substantial change in the balancing of production procedure required by said rules. Copies of the proposed amendments will be circulated by way of the Commission's general mailing list and will be available upon request made to the Commission at its Santa Fe office.

* * * * *

THE FOLLOWING CASES WILL BE HEARD BEFORE DANIEL S. NUTTER, EXAMINER, OR ELVIS A. UTZ, ALTERNATE EXAMINER, IN THE OIL CONSERVATION COMMISSION CONFERENCE ROOM ON THE SECOND FLOOR OF SAID BUILDING AT 9:30 A.M.

CASE 4437: Southeastern New Mexico nomenclature case calling for the creation, abolishment and extension of certain pools in Lea and Roosevelt Counties, New Mexico.

(a) Create a new pool in Lea County, New Mexico, classified as an oil pool for Wolfcamp production and designated as the East Corbin-Wolfcamp Pool. The discovery well is the Phillips Petroleum Company Lea No. 23 located in Unit P of Section 30, Township 17 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 17 SOUTH, RANGE 34 EAST, NMPM
SECTION 30: SE/4

(Case 4437 continued)

(b) Create a new pool in Rossevelt County, New Mexico, classified as a gas pool for Pennsylvanian production and designated as the East New Hope-Pennsylvanian Gas Pool. The discovery well is the H. L. Brown, Jr., Mary Martin No. 1 located in Unit P of Section 29, Township 6 South, Range 34 East, NMPM. Said pool would comprise:

TOWNSHIP 6 SOUTH, RANGE 34 EAST, NMPM
SECTION 29: S/2

(c) Abolish the Warren-Abo Pool in Lea County, New Mexico, described as:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 25: S/2
SECTION 26: SE/4
SECTION 35: NE/4
SECTION 36: N/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
SECTION 30: S/2

(d) Extend the Dk-Abo Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 20 SOUTH, RANGE 38 EAST, NMPM
SECTION 25: S/2
SECTION 26: SE/4
SECTION 35: NE/4
SECTION 36: N/2

TOWNSHIP 20 SOUTH, RANGE 39 EAST, NMPM
SECTION 30: S/2

(e) Extend the North Baum-Upper Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 13 SOUTH, RANGE 32 EAST, NMPM
SECTION 25: SE/4

(f) Extend the Lea-Bone Springs Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 19 SOUTH, RANGE 34 EAST, NMPM
SECTION 36: SW/4

(Case 4437 continued)

(g) Extend the Townsend-Morrow Gas Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 16 SOUTH, RANGE 35 EAST, NMPM
SECTION 8: SW/4

(h) Extend the Tres Papalotes-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 SOUTH, RANGE 34 EAST, NMPM
SECTION 34: NW/4

(i) Extend the Tulk-Pennsylvanian Pool in Lea County, New Mexico, to include therein:

TOWNSHIP 14 South, Range 32 East, NMPM
SECTION 33: SE/4
SECTION 34: S/2

CASE 4438: Application of Eastland Oil Company for an exception to Order No. R-3221, as amended, Eddy County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Order No. R-3221, as amended, which order prohibits the disposal of water produced in conjunction with the production of oil on the surface of the ground in Lea, Eddy, Chaves and Roosevelt Counties, New Mexico, after January 1, 1969. Said exception would be for applicant's leases comprising the NW/4 NW/4 of Section 5 and the NE/4 NE/4 of Section 6, Township 18 South, Range 31 East, Grayburg-Jackson Field area, Eddy County, New Mexico.

CASE 4439: Application of Shenandoah Oil Corporation for an unorthodox gas well location, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks approval for an unorthodox Pennsylvanian well location 1980 feet from the South line and 660 feet from the West line of Section 22, Township 6 South, Range 27 East, undesignated Pennsylvanian gas pool, Chaves County, New Mexico. The S/2 of said Section 22 to be dedicated to the well.

CASE 4440: Application of Moran Oil Producing & Drilling Corporation for a waterflood project, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to institute a pilot waterflood project in the Hobbs Pool by the injection of water into the Grayburg formation through one well located in the NW/4 NE/4 of Section 13, Township 18 South, Range 37 East, Lea County, New Mexico. Applicant further seeks a procedure whereby additional injection wells may be approved administratively.

CASE 4425: (Readvertised)

Application of Southern Gulf Production Company for an unorthodox gas well location, San Juan County, New Mexico. Applicant, in the above-styled cause, seeks as an exception to the gas well location requirements of the Commission Rules and Regulations, approval for the Southern Gulf Production Company Navajo Tocito Well No. 4 at an unorthodox gas well location 1963 feet from the South line and 977 feet from the West line of Section 10, Township 26 North, Range 18 West, undesignated Pennsylvanian gas pool, San Juan County, New Mexico.

CASE 4426: (Readvertised)

Application of Texaco Inc. for salt water disposal, Chaves County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Devonian formation in the open-hole interval from 11,150 feet to 11,794 feet in its Peery Federal Well No. 4 located in Unit A of Section 29, Township 15 South, Range 30 East, Little Lucky Lake-Devonian Pool, Chaves County, New Mexico.

CASE 4441: Application of Texaco Inc. for salt water disposal, Lea County, New Mexico. Applicant, in the above-styled cause, seeks authority to dispose of produced salt water into the Seven Rivers formation in the open-hole interval from 3260 feet to 3415 feet in its C. E. Penny Federal (NCT-4) Well No. 2 located in Unit F of Section 19, Township 25 South, Range 38 East, Langlie Mattix-Seven Rivers Pool, Lea County, New Mexico.

CASE 4442: Application of Texaco Inc. for an exception to Rule 505 of the Commission Rules and Regulations, Lea County, New Mexico. Applicant, in the above-styled cause, seeks an exception to Rule 505 of the Commission Rules and Regulations to permit the assignment of more than one single top unit allowable for the Vacuum-Abo Reef Pool to two wells, the surface locations of which are in Unit E of Section 12, Township 18 South, Range 34 East, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the North line and 990 feet from the West line;

Said Well No. 10 is a relatively straight hole with all perforations confined entirely to said Unit 8, while said Well No. 8 is a crooked hole and would have perforations both in said Unit E of Section 12 and in Unit H of Section 11 of said Township and Range.



'Symbol of Service'

BEFORE EXAMINER NUTTER

OIL CONSERVATION COMMISSION

EXHIBIT NO. 3
CASE NO. 4441

REPORT
of
SUB-SURFACE
DIRECTIONAL
SURVEY

TEXACO, INC.
COMPANY

STATE 42 WELL NO. 8

WELL NAME
VACUUM FIELD

BUCKEYE, NEW MEXICO
LOCATION

JOB NUMBER

WT 63363
WT 63363A

TYPE OF SURVEY

COMBINATION

DATE

MAY 31, 1963
JUNE 21, 1963

SURVEY BY

JACK B. JONES & CECIL R. STRASNER

OFFICE

ODESSA, TEXAS



RECORD OF SURVEY

CHARTERED BY _____

JOB NO. WT 63363
WT 63363A

DATE May 31, 1963
June 21, 1963

STATION	MEASURED DEPTH	DRIFT ANGLE	TRUE VERTICAL DEPTH	COURSE ELEVATION	DRIFT DIRECTION	RECTANGULAR COORDINATES			
						NORTH	SOUTH	EAST	WEST
1	61 00	1° 00'		1 06	S 19 W		1 03		0 35
2	154 00	1° 00'		1 62	S 24 W		2 48		1 01
3	247 00	1° 00'		1 62	S 11 W		4 07		1 32
4	340 00	1° 15'		2 03	S 14 W		6 04		1 81
5	433 00	1° 15'	432 93	2 03	S 04 W		8 07		1 95
6	526 00	1° 00'		1 62	S 05 W		9 68		2 09
7	619 00	1° 00'		1 62	S 10 E		11 28		1 81
8	712 00	1° 00'		1 62	S 12 E		12 86		1 47
9	805 00	1° 00'		1 62	S 05 E		14 47		1 33
10	893 00	1° 00'	897 83	1 62	S 23 E		15 96		0 70
11	991 00	1° 00'		1 62	S 31 E		17 35	0 13	
12	1084 00	1° 00'		1 62	S 37 E		18 64	1 10	
13	1177 00	1° 00'		1 62	S 45 E		19 79	2 25	
14	1270 00	1° 00'		1 62	S 38 E		21 07	3 25	
15	1363 00	1° 00'	1362 83	1 62	S 45 E		22 22	4 40	
16	1456 00	0° 45'		1 22	S 49 E		23 02	5 32	
17	1549 00	0° 45'		1 22	S 70 E		23 44	6 47	
18	1642 00	0° 45'		1 22	EAST		23 44	7 69	
19	1735 00	0° 45'		1 22	N 81 E		23 25	8 90	
20	1828 00	0° 30'	1827 79	81	N 63 E		22 88	9 62	
21	1921 00	1° 00'		1 62	N 43 E		21 70	10 72	
22	2014 00	0° 45'		1 22	N 24 E		20 59	11 22	
23	2107 00	0° 45'		1 22	N 13 E		19 40	11 49	
24	2200 00	0° 30'		81	N 04 E		18 59	11 55	
25	2293 00	0° 15'	2292 76	41	N 40 E		18 28	11 61	

FORM NO. C-503P



RECORD OF SURVEY

CHECKED BY _____

JOB NO. BT 65363 DATE May 31, 1963
WT 63363A June 21, 1963

STATION	MEASURED DEPTH	DRIFT ANGLE	TRUE VERTICAL DEPTH	COURSE DEVIATION	DRIFT DIRECTION	RECTANGULAR COORDINATES			
						NORTH	SOUTH	EAST	WEST
26	2392 00	0° 30'		81	N 45 E		17 71	12 38	
27	2479 00	0° 30'		81	N 53 E		17 22	13 03	
28	2572 00	1° 00'		62	N 60 E		16 41	14 43	
29	2665 00	1° 15'		03	N 74 E		15 85	16 38	
30	2758 00	1° 30'	2757 70	43	N 74 E		15 18	18 72	
31	2851 00	1° 30'		43	N 77 E		14 63	21 09	
32	2944 00	1° 45'		84	N 72 E		13 75	23 79	
33	3037 00	1° 45'		84	N 68 E		12 69	26 42	
34	3130 00	1° 45'		84	N 64 E		11 44	28 97	
35	3223 00	1° 45'	3222 51	84	N 57 E		9 89	31 35	
36	3316 00	1° 45'		84	N 43 E		7 81	33 29	
37	3409 00	1° 45'		84	N 37 E		5 54	35 00	
38	3502 00	1° 45'		84	N 33 E		3 16	36 55	
39	3595 00	1° 45'		84	N 25 E		0 59	37 75	
40	3688 00	1° 30'	3687 32	43	N 17 E	1 73		38 46	
41	3781 00	1° 45'		84	N 06 E	4 55		38 76	
42	3874 00	1° 30'		43	N 02 E	6 98		38 84	
43	3967 00	1° 30'		43	N 06 W	9 40		38 59	
44	4060 00	1° 45'		84	N 05 W	12 23		38 34	
45	4153 00	1° 30'	4152 15	43	N 04 W	14 65		38 17	
46	4246 00	1° 30'		43	N 06 W	17 07		37 92	
47	4339 00	1° 30'		43	N 02 W	19 50		37 84	
48	4432 00	1° 30'		43	N 04 E	21 92		38 01	
49	4525 00	1° 45'		84	N 12 E	24 70		38 60	
50	4618 00	1° 45'	4616 99	84	N 09 E	27 51		39 04	



RECORD OF SURVEY

CHECKED BY _____ JOB NO. MT 63363 DATE May 31, 1963
WT 63363A June 21, 1963

STATION	MEASURED DEPTH	DRIFT ANGLE	TRUE VERTICAL DEPTH	COURSE DEVIATION	DRIFT DIRECTION	RECTANGULAR COORDINATES			
						NORTH	SOUTH	EAST	WEST
51	4711 00	1° 45'		2 84	N 07 E	30 33		39 39	
52	4804 00	2° 00'		3 25	N 09 E	33 54		39 90	
53	4897 00	2° 00'		3 25	N 05 E	36 78		40 18	
54	4990 00	2° 15'		3 65	N 03 E	40 42		40 37	
55	5082 00	2° 15'	5081 68	3 65	NORTH	44 07		40 37	
56	5176 00	2° 15'		3 65	N 03 W	47 71		40 18	
57	5269 00	2° 00'		3 25	N 10 W	50 91		39 62	
58	5362 00	2° 15'		3 65	N 12 W	54 48		38 86	
59	5455 00	2° 30'		4 06	N 15 W	58 40		37 81	
60	5548 00	2° 30'	5546 30	4 06	N 15 W	62 32		36 76	
61	5641 00	2° 45'		4 46	N 15 W	66 63		35 61	
62	5734 00	3° 15'		5 68	N 03 W	72 30		35 31	
63	5827 00	3° 00'		4 87	N 04 W	77 16		34 97	
64	5920 00	3° 00'		4 87	N 06 E	82 00		35 00	
65	6013 00	3° 00'	6010 63	4 87	N 06 E	86 84		35 99	
66	6106 00	3° 30'		5 68	N 11 E	92 42		37 07	
67	6199 00	3° 30'		5 68	N 15 E	97 91		39 54	
68	6292 00	3° 45'		6 08	N 19 E	103 66		40 52	
69	6385 00	4° 00'		6 49	N 20 E	109 76		42 76	
70	6478 00	4° 00'	6474 63	6 49	N 17 E	115 97		44 64	
71	6571 00	4° 00'		6 49	N 08 E	122 40		45 54	
72	6664 00	4° 00'		6 49	N 14 W	128 70		43 97	
73	6757 00	4° 15'		6 89	N 25 W	134 94		41 06	
74	6850 00	5° 00'		8 11	N 32 W	141 82		36 76	
75	6943 00	5° 45'	6938 09	9 32	N 45 W	148 41		30 17	



RECORD OF SURVEY

The field data for this survey from readings 80
thru 97 was obtained by Field STRAHLER

field engineer for
Eastman Oil Well Survey Co., and is supported by signed field
records. The computation and drafting of this report was done
under my supervision and to the best of my
knowledge.
Bill Strahler

CHECKED BY _____

JOB NO. WT 63363 & WT 63363A DATE May 31, 1963 & June 21, 1963

STATION	MEASURED DEPTH	DRIFT ANGLE	TRUE VERTICAL DEPTH	COURSE DEVIATION	DRIFT DIRECTION	RECTANGULAR COORDINATES			
						NORTH	SOUTH	EAST	WEST
76	7036 00	6° 30'		10 53	N 58 W	153 99		21 24	
77	7129 00	9° 30'		15 35	N 67 W	159 99		7 11	
78	7222 00	11° 30'		18 54	N 69 W	166 63			10 20
79	7315 00	12° 30'		19 34	N 70 W	173 24			28 37
80	7408 00	13° 00'	7394 93	20 93	N 73 W	179 36			48 39
81	7501 00	16° 00'		25 63	N 74 W	186 42			73 03
82	7594 00	16° 00'		25 63	N 74 W	193 48			97 67
83	7687 00	16° 45'		26 80	N 72 W	201 76			123 16
84	7780 00	17° 00'		27 19	N 74 W	209 25			149 30
85	7872 00	15° 45'	7841 24	25 24	N 74 W	216 21			173 56
86	7966 00	15° 00'		24 07	N 72 W	223 65			196 45
87	8059 00	13° 00'		20 93	N 72 W	230 12			216 36
88	8152 00	12° 45'		20 53	N 72 W	236 46			235 89
89	8245 00	11° 00'		17 74	N 71 W	242 24			252 66
90	8338 00	11° 00'	8294 97	17 74	N 71 W	248 02			269 43
91	8431 00	10° 30'		16 94	N 73 W	252 97			285 63
92	8524 00	10° 00'		16 14	N 81 W	255 49			301 57
93	8617 00	11° 00'		17 74	N 84 W	257 24			318 22
94	8710 00	10° 30'		16 94	N 87 W	258 13			335 14
95	8803 00	9° 45'	8752 41	15 74	N 85 W	259 50			350 82
96	8896 00	9° 30'		15 35	N 83 W	261 37			366 05
97	8950 00	8° 45'	8897 51	8 21	N 82 W	262 51			374 18
CLOSURE						457.07'	NORTH	54° 57'	WEST

DRAFT

GMH/dr
3-24-71

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE NO. 4442 (de novo)

Order No. R-4072-A

APPLICATION OF TEXACO INC. FOR AN
EXCEPTION TO RULE 505 OF THE COM-
MISSION RULES AND REGULATIONS, LEA
COUNTY, NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

This cause came on for hearing de novo at 9 a.m. on
February 17, 1971, at Santa Fe, New Mexico, before the Oil Con-
servation Commission of New Mexico, hereinafter referred to as
the "Commission," and was continued to 9 a.m. on February 23,
1971.

NOW, on this _____ day of March, 1971, the Commission,
a quorum being present, having considered the testimony presented
and the exhibits received at said hearing, and being fully ad-
vised in the premises,

FINDS:

(1) That due public notice having been given as required
by law, the Commission has jurisdiction of this cause and the
subject matter thereof.

(2) That after a hearing before an examiner, Commission
Order No. R-4072, dated December 8, 1970, was entered denying
the application of Texaco Inc., seeking an exception to Rule 505
of the Commission Rules and Regulations to permit the assignment

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CASE No. 4442 (de novo)
Order No. R-4072-A

of more than a single top unit allowable for the Vacuum - Abo Reef Pool to two wells, the surface locations of which are in the SW/4 NW/4 of Section 12, Township 18 South, Range 34 East, NMPM, Lea County, New Mexico, as follows:

State "AE" Well No. 8 - 2310 feet from the North line and 330 feet from the West line;
State "AE" Well No. 10 - 1980 feet from the North line and 990 feet from the West line.

(3) That the applicant requested and was granted a hearing de novo before the Oil Conservation Commission.

(4) That the application of Texaco Inc., was amended to also seek, as an alternative to the above-described request, an exception to Rule 104-C-I of the Commission Rules and Regulations to permit the above-described Well No. 8 to have perforations outside the horizontal limits of the proration unit dedicated to the well.

(5) That said Well No. 8 is a crooked hole that bottomed in the SE/4 NE/4 of Section 11, Township 18 South, Range 34 East.

(6) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(7) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner

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CASE NO. 4442 (de novo)
Order No. R-4072-A

as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(8) That the applicant seeks authority to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both of the above-described proration units and to produce more than one top unit allowable for the SW/4 NW/4 of said Section 12 from the above-described two wells or in the alternative permit said Well No. 8 to produce as the dedicated well for the proration unit comprising the SE/4 NE/4 of said Section 11 with perforations both within and without the horizontal limits of said dedicated units.

(9) That said Well No. 8 is incapable of producing more than a marginal allowable through perforations confined to the horizontal limits of the SE/4 NE/4 of said Section 11.

(10) That said Well No. 10 is capable of producing more than a top unit allowable through perforations confined to the horizontal limits of the SW/4 NW/4 of said Section 12.

(11) That perforating said Well No. 8 as requested by the applicant would permit the production of additional oil by said Well No. 8.

(12) That whether said additional oil produced by Well No. 8 is credited to the proration unit comprising the SW/4 NW/4 of said Section 12 or the proration unit comprising the SE/4 NE/4 of said Section 11 it would in fact be produced from perforations confined to the horizontal limits of the unit comprising the SW/4 NW/4 of Section 12.

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CASE NO. 4442 (de novo)
Order No. R-4072-A

(13) That the permitted top unit allowable in the subject pool is based upon a standard proration unit consisting of approximately 40 surface acres substantially in the form of a square which is a legal subdivision of the United States Public Land Surveys, or on a governmental quarter-quarter section or lot.

(14) That permitting the applicant to produce more than one top unit allowable from two wells having perforations within the horizontal limits of the SW/4 NW/4 of said Section 12, a single proration unit, would allow the operator to produce more oil from said single proration unit than other operators in the subject pool are permitted to produce from a single proration unit, and would, therefore, violate the correlative rights of the other operators in the pool.

(15) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

DRAFT

GMH/esr
December 1, 1970

BEFORE THE OIL CONSERVATION COMMISSION
OF THE STATE OF NEW MEXICO

IN THE MATTER OF THE HEARING
CALLED BY THE OIL CONSERVATION
COMMISSION OF NEW MEXICO FOR
THE PURPOSE OF CONSIDERING:

CASE No. 4442

Order No. R-4072

APPLICATION OF TEXACO INC.
FOR AN EXCEPTION TO RULE
505 OF THE COMMISSION RULES
AND REGULATIONS, LEA COUNTY,
NEW MEXICO.

ORDER OF THE COMMISSION

BY THE COMMISSION:

9:30

This cause came on for hearing at 9 a.m. on October 14, 1970,
at Santa Fe, New Mexico, before Examiner Daniel S. Nutter.

NOW, on this day of December, 1970, the Commission, a
quorum being present, having considered the testimony, the record,
and the recommendations of the Examiner, and being fully advised
in the premises,

FINDS:

(1) That due public notice having been given as required by
law, the Commission has jurisdiction of this cause and the subject
matter thereof.

(2) That the applicant, Texaco Inc., is the owner and opera-
tor of a lease comprising, among other lands, the SE/4 NE/4 of
Section 11 and the SW/4 NW/4 of Section 12, both in Township 18
South, Range 34 East, NMPM, Lea County, New Mexico.

(3) That the applicant seeks an exception to Rule 505 of
the Commission Rules and Regulations to permit the assignment
of more than ~~one single~~ ^{a single} top unit allowable for the Vacuum-Abo
Reef Pool to ~~one~~ ^{two} wells, the surface locations of which are in the
above-described SW/4 NW/4 of said Section 12 as follows:

State "AE" Well No. 8 - 2310 feet from the
North line and 330 feet from the West line;

State "AE" Well No. 10 - 1980 feet from the North line and 990 feet from the West line.

(4) That said Well No. 8 is a crooked hole that bottomed in the above-described adjoining SE/4 NE/4 of said Section 11.

(5) That on July 9, 1963, the applicant was authorized to dedicate the SE/4 NE/4 of said Section 11 to Well No. 8 and ordered to confine the perforated interval to said quarter-quarter section.

(6) That on said July 9, 1963, the applicant was authorized to locate its above-described Well No. 10 on said SW/4 NW/4 of said Section 12, provided said well was drilled in such a manner as to ensure that the perforated interval of said well was confined to the horizontal limits of said SW/4 NW/4.

(7) That the applicant now proposes to additionally perforate Well No. 8 in such a manner that it would be perforated within the horizontal limits of both the above-described quarter-quarter sections and to produce more than one top allowable from the above-described two wells, both having perforated intervals within the horizontal limits of one proration unit; namely, the SW/4 NW/4 of said Section 12.

(8) That the production of more than one top unit allowable from two wells having perforations within the horizontal limits of a single proration unit would violate the correlative rights of other operators in the subject pool.

(9) That the subject application should be denied.

IT IS THEREFORE ORDERED:

(1) That the subject application is hereby denied.

(2) That jurisdiction of this cause is retained for the entry of such further orders as the Commission may deem necessary.

DONE at Santa Fe, New Mexico, on the day and year hereinabove designated.

CASE 4443: Application of PAN
AMERICAN FOR DOWNHOLE COMMINGLING,
RIO ARRIBA COUNTY, NEW MEXICO.